invoiced and paid by the Debtors after the effectiveness of the FCC's orders. Certain LECs, in compliance with the FCC's orders, have ceased charging the Debtors and are cooperating with the Debtors in assessing refunds. Other LECs have refused to comply with the Debtors' request and have disagreed verbally and in writing with the Debtors' interpretation of the FCC's orders. One LEC, Southwestern Bell, has filed a Petition for Clarification contesting the application of the FCC's CMRS orders to paging companies. The FCC has established a pleading cycle seeking comments on this petition, which proceeding is currently pending. By letter dated December 30, 1997, the FCC's Common Carrier Bureau responded to this petition by concluding that FCC rules prohibit LECs from assessing charges on paging carriers for the cost of dedicated facilities used to deliver local telecommunications traffic to paging networks. The letter also noted that requests for FCC reconsideration of these rules are currently pending. In addition, the FCC is considering these issues in the context of a complaint filed by a paging carrier against a major LEC.

Depending on further FCC disposition of these issues, the Debtors may or may not be successful in securing refunds, future relief or both, with respect to charges for termination of LEC-originated local traffic. If these issues are ultimately resolved by the FCC in the Debtors' favor, then the Debtors will pursue relief through settlement negotiations, administrative complaint procedures or both. If these issues are ultimately decided in favor of the LECs, the Debtors likely would be required to pay all past due contested charges and may also be assessed interest and late charges for the withheld amounts.

As a result of the enactment of the Telecommunications Reform Act of 1996 (the "1996 Act"), the Debtors may face additional financial obligations. In November 1996, in response to a directive in the 1996 Act, the FCC adopted new rules that govern compensation to be paid to pay phone providers. These rules are the subject of several judicial appeals. If the FCC rules ultimately are upheld, however, the cost of providing certain paging services, including toll-free 800 number paging, could increase.

In response to changes made by the 1996 Act, the FCC has also adopted new rules regarding payments by telecommunications companies into a revamped fund that will provide for the widespread availability of telecommunications services, including to low-income consumers ("Universal Service"). Prior to the implementation of the 1996 Act, Universal Service obligations largely were met by local telephone companies, supplemented by long-distance telephone companies. Under the proposed rules, all telecommunications carriers, including paging companies, will be required to contribute to a Universal Service fund (the "Universal Service Fund"). In addition, certain state regulatory authorities have enacted, or have indicated that they intend to enact, similar contribution requirements based on state revenues. The Debtors cannot yet know the impact of these state contribution requirements, if enacted and applied to the Debtors. Moreover, the Debtors are unable at this time to estimate the amount of any such payments that they will be able to bill to their subscribers, however, payments into the Universal Service Fund will likely increase the cost of doing business.

(b) *State Regulation.* As a result of the enactment by Congress of the Omnibus Budget Reconciliation Act of 1993 (the "Budget Act") in August 1993, the states are now preempted from exercising rate or entry regulation over any of the Debtors' operations. States are not preempted, however, from regulating "other terms and conditions" of CMRS. Thus, to the extent any states have authority to regulate "other terms and conditions" of paging service (e.g., financing regulations, hearing complaints, universal service contributions), the Budget Act does not preempt them from exercising such regulatory authority. Legislation is currently in effect in Texas requiring paging companies to contribute a portion of their taxable telecommunications revenues to a Telecommunications Infrastructure Fund created by the state legislature. Certain other states, including Alabama, Georgia, Hawaii, South Carolina and Tennessee, impose various regulations on certain paging operations of the Debtors. State regulations may require the Debtors to submit for prior approval the terms and conditions (other than rates) under which they plan to provide service or to secure approval for the issuance of securities or the entry into financing arrangements. Those states that regulate paging services also may require the Debtors to obtain prior approval of the acquisition of controlling interests in other paging companies. At this time, the Debtors are not aware of any proposed state legislation or regulations that would have a material adverse impact on the Debtors' existing operations. It is a condition to the Effective Date of the Plan that any required material state regulatory approvals be obtained.

10. Trademarks.

The Debtors market their services primarily under the trade name MobileComm and the federally registered mark MOBILECOMM®, except in the Greater Metropolitan Cincinnati area and in certain parts of Western Pennsylvania and Western New York, in which they market their services under the mark MOBILEMEDIA. The Debtors market their messaging services under the mark VOICESTOR, which is federally registered, and other services under the unregistered marks SPORTSCASTER and MOBILECOMM CITYLINK. In addition to MOBILECOMM and MOBILEMEDIA, the Debtors own marks that are registered with the United States Patent and Trademark Office ("USPTO"), including: MOBILEMEDIA & Design, MOBILEMEDIA & Design (Globe), MOBILEMEDIA PAGING & PERSONALCOM, MESSAGESOFT, EZ ALERT, MEMORY MANAGER, PAGERXTRA and DMC DIGITAL MOBILE COMMUNICATIONS.

In addition, the Debtors have applications on file with the USPTO for the marks CARENET, MESSAGE ASSISTANT, MESSAGE ATTENDANT and MMS.

B. The Debtors' Operations in Chapter 11

1. Overview of the Debtors' Operations.

Since the Petition Date, the Cases have been pending before the Honorable Peter J. Walsh, United States Bankruptcy Judge for the District of Delaware. During this period, the Debtors have functioned as debtors-in-possession pursuant to sections 1107 and 1108 of the

Code and have continued to operate their business. The Bankruptcy Court has exercised supervisory powers over the operations of the Debtors with respect to the employment of attorneys, investment bankers and other professionals, and transactions out of the Debtors' ordinary course of business or otherwise requiring bankruptcy court approval under the Code. The Debtors have been paying undisputed obligations that have arisen subsequent to the Petition Date on a timely basis.

2. Retention of Professionals and Appointment of Committee.

(a) *The Debtors' Retention of Counsel.* As of the Petition Date, the Bankruptcy Court authorized the Debtors' retention of Sidley & Austin and Young Conaway Stargatt & Taylor, LLP, as reorganization counsel for the Debtors, and the retention of Latham & Watkins, as special counsel for the Debtors. In addition, the Debtors have retained, with Bankruptcy Court approval, the law firms of Wiley, Rein & Fielding and Koteen and Naftalin as FCC counsel, and Gerry, Friend & Sapronov LLP, as telecommunications counsel.

(b) *The Debtors' Retention of Other Professionals.* Also as of the Petition Date, the Bankruptcy Court approved the employment of Alvarez & Marsal, Inc. and Ernst & Young LLP, as restructuring advisors and accountants, respectively, for the Debtors. The Debtors' Chairman-Restructuring and Chief Financial Officer are both affiliated with Alvarez & Marsal, Inc. On July 10, 1997, the Bankruptcy Court approved the Debtors' retention of The Group, L.P. ("Blackstone"), as financial advisors and investment bankers.

(c) *Appointment of Official Committee and the Retention of Professionals Thereby (at Debtors' expense).* On February 10, 1997, the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed an Official Committee of Unsecured Creditors (the "Committee"). The current members of the Committee are as follows:

First Trust New York National Association
State Street Bank and Trust Company
The Huff Alternative Income Fund, L.P.
c/o W.R. Huff Asset Management Co., LLC
The Northwestern Mutual Life Insurance Company
Pacholder Associates, Inc.
Mountain Dew Marketing, Inc.
Intek Telecommunications, Inc.

The Committee has been active in the day-to-day course of the Cases. The Committee received authorization to retain and has retained the law firms of Jones, Day, Reavis & Pogue and Morris, Nichols, Arsht & Tunnel, as co-counsel, and Paul, Weiss, Rifkind, Wharton & Garrison, as FCC counsel. The Committee also received authorization to retain and has retained Houlihan Lokey Howard & Zukin to perform certain financial consulting services.

3. Operating Results During Chapter 11.

Since the Petition Date, the Debtors have filed monthly Operating Reports with the United States Trustee for the District of Delaware. These Operating Reports are public documents and are available at the Office of the United States Trustee for the District of Delaware. The Operating Report for the month of _________ is attached hereto as Exhibit D.

As of December 31, 1997, $10.0 million was outstanding under the DIP Facility (described below) and the Debtors had approximately $14.5 million in cash and cash equivalents on hand.

4. Summary of Significant Orders Entered and Other Actions Taken During the Cases.

As in any major chapter 11 case, certain motions, applications and orders have been filed and entered on the Bankruptcy Court's official docket. The following information relates to certain significant events in the Cases.

(a) *DIP Facility*. On the Petition Date, the Bankruptcy Court provided interim authority for the Debtors' entry into a Revolving Credit and Guarantee Agreement dated as of January 30, 1997 (as amended, the "DIP Credit Agreement") that provides for a $200 million secured, superpriority post-petition financing facility (the "DIP Facility") with a number of financial institutions (the "DIP Lenders") and The Chase Manhattan Bank, as agent for the DIP Lenders (the "DIP Agent"). On February 19, 1997, the Debtors obtained final approval of the DIP Facility. In accordance with the terms of the orders approving the DIP Facility, the Debtors have been paying interest and fees to the DIP Lenders in accordance with the terms of the DIP Facility and have made monthly payments, in an amount equal to the interest accruing at the non-default rate under the 1995 Credit Agreement, to the Pre-Petition Lenders as adequate protection for the priming liens granted to the DIP Lenders and for the use of cash collateral. Through December 24, 1997, the Debtors had paid $1.5 million in interest to the DIP Lenders and $66.8 million in adequate protection payments to the Pre-Petition Lenders, in each case in accordance with the DIP Approval Orders. The initial payment to the Pre-Petition Lenders included the payment of amounts in arrears from October 7, 1996 through the Petition Date in accordance with the initial DIP Approval Order. During the Cases, the Debtors have borrowed and repaid various amounts under the DIP Facility. As of December 31, 1997, $10 million was outstanding under the DIP Facility.

Pursuant to the terms of the DIP Credit Agreement, the DIP Facility was to mature on January 30, 1998 unless, on or before December 31, 1997, the Debtors filed a plan of reorganization satisfactory to two-thirds in amount and one-half in number of the DIP Lenders, in which case the Maturity Date under and as defined in the DIP Credit Agreement would automatically be extended to July 31, 1998. No such plan was filed by December 31, 1997, but, pursuant to a Fourth Amendment to the DIP Credit Agreement dated January 22, 1998, the DIP Lenders have agreed to extend the maturity of the DIP Facility until July 31, 1998. Interim approval of the extension of the DIP Facility was granted by the Bankruptcy Court on January 27, 1998.

The Chase Manhattan Bank, as Pre-Petition Agent and DIP Agent, has remained active in the day-to-day course of the Cases. Moreover, in its capacity as DIP Agent, The Chase Manhattan Bank has retained certain advisors, including Simpson Thacher & Bartlett and Richards, Layton & Finger, as co-counsel, and Wilmer Cutler & Pickering, as FCC counsel. The DIP Agent has also retained Arthur Andersen LLP and Chilmark Partners as financial advisors. The costs of these professionals are being borne by the Debtors in accordance with the terms of the DIP Credit Agreement and the DIP Approval Orders.

It is a condition precedent to the Effective Date of the Plan that the DIP Facility be paid in full in cash.

(b) *Exclusivity Orders.* Upon motions of the Debtors, the Bankruptcy Court extended the Debtors' exclusive periods for filing a plan of reorganization and soliciting acceptances thereof to January 27, 1998 and March 30, 1998, respectively. As noted above, the Plan was filed on January 27, 1998.

(c) *Customer, Key Supplier and Employee Orders.* On the Petition Date, the Bankruptcy Court also entered orders allowing the Debtors (i) to pay certain customer refunds and deposits in the ordinary course of business, (ii) to pay wages, salaries and benefits owing to employees, and (iii) to pay specified pre-petition taxes owing to various governmental entities. On February 6, 1997, the Bankruptcy Court entered an order authorizing the Debtors to pay approximately $46 million in pre-petition amounts owing to the Key Suppliers. On April 3, 1997, the Bankruptcy Court authorized the Debtors to implement a new severance plan, and on May 2, 1997, the Bankruptcy Court authorized the Debtors to pay up to $3.1 million on account of their 1996 employee bonus program. On June 4, 1997, the Bankruptcy Court authorized the Debtors to employ Ronald R. Grawert as their Chief Executive Officer and approved a compensation package in respect of the services of Joseph A. Bondi, the Debtors' Chairman-Restructuring.

(d) *Administrative Orders.* On the Petition Date, the Bankruptcy Court granted the Debtors' motion to extend the Debtors' time to file their Schedules of Assets, Liabilities and Executory Contracts, and the Statement of Financial Affairs. The joint Schedules of Assets, Liabilities and Executory Contracts, and the joint Statement of Financial Affairs were filed with the Bankruptcy Court on March 26, 1997, and were amended by the Debtors' First and Second Amendments to Schedules of Assets, Liabilities and Executory Contracts (as so amended, the "Schedules").

On March 20, 1997, the Bankruptcy Court entered an order setting a bar date of June 16, 1997 for the filing of certain proofs of claim.

(e) *Real Property and other Leases.* The Bankruptcy Court extended the period during which the Debtors could decide whether to assume or reject non-residential real property leases of the Debtors to March 2, 1998. During the course of the Cases, the Debtors have obtained Bankruptcy Court approval to reject certain specified leases. As of December 31, 1997, 74 leases had been rejected with Bankruptcy Court approval.

(f) *Administrative Claims.* Administrative expenses payable in the Cases include, among other things, fees and expenses of attorneys, accountants, financial advisors and other professionals retained by the Debtors, the Committee and the DIP Agent in connection with the Cases (collectively, the "Case Professionals"). Such fees are calculated generally as the product of the customary hourly billing rates and the aggregate hours billed by such Case Professionals. Some financial advisors are paid a monthly fee plus expenses incurred, rather than on an hourly basis. As of December 31, 1997, $13.2 million had been paid to Case Professionals on account of work performed subsequent to the Petition Date.

All unpaid fees of the U.S. Trustee will be paid on the Effective Date. Such fees have been paid as they accrued during the pendency of the Cases

(g) *Attempts to Sell Debtors' Business* During the pendency of the Cases, the Debtors' financial advisors and investment bankers, Blackstone, conducted an extensive search for a third party purchaser of the Debtors' business. To this end, Blackstone met with representatives of prospective purchasers, and a number of prospective purchasers conducted "due diligence" reviews of the Debtors. By letter dated August 26, 1997, the Debtors formally solicited preliminary bids from prospective purchasers. In response, the Debtors received bids from certain of the prospective purchasers. Upon receipt of the bids, the Debtors' management and Blackstone provided the financial advisors to the Committee and the Pre-Petition Agent with information regarding the bids received, and engaged in discussions with these parties regarding the bids. At the same time, the Debtors and Blackstone had numerous conversations with the bidders in order to clarify the terms of the bids and to provide the bidders with the Debtors' reactions to the bids. Subsequent to these discussions, the Debtors and Blackstone, after consultation with the Committee and the Pre-Petition Agent and their respective financial advisors, determined not to pursue any such proposals.

(h) *Attempt to Sell Owned Tower Assets* The Debtors are currently evaluating a potential sale of their tower-related assets ("Tower Assets"). Blackstone, on behalf of the Debtors, has contacted appoximately 40 potential Tower Asset buyers. Also on behalf of the Debtors, Blackstone has executed confidentiality agreements with, and has distributed Tower Asset information to, approximately 30 of these potential buyers. Although the Debtors intend to continue discussions with these third-party firms, the Debtors are not currently in a position to determine if a sale of the Tower Assets would maximize the value of the Tower Assets to their estates.

(i) *Potential Committee Litigation.* At a hearing held before the Bankruptcy Court on January 27, 1998, counsel to the Committee indicated its intention immediately to serve discovery demands in connection with a potential objection to the Plan.

(j) *Other Significant Actions.* On January 6, 1998, the Bankruptcy Court entered an order authorizing the Debtors to enter into and to perform under a carrier agreement with MCI Telecommunications Corporation. This agreement is intended to permit the Debtors to consolidate their long-distance telephone services and to obtain better pricing therefor. On January 22, 1998, the Bankruptcy Court authorized the Debtors to enter into a new lease for their corporate headquarters.

III. FUTURE BUSINESS OF THE REORGANIZED DEBTORS

A. Capitalization and Structure of the Reorganized Debtors

The Plan contemplates a series of business combinations subsequent to which, as of the Effective Date, Reorganized MobileMedia will have three wholly owned subsidiaries -- Reorganized Communications (a holding company), Reorganized MCCA (an operating company), whose stock will be wholly owned by Reorganized Communications, and License Co. L.L.C., a limited liability company 100% of the membership interests of which will be owned by Reorganized MCCA. License Co. L.L.C. will hold Reorganized MobileMedia's FCC and state regulatory licenses and authorizations.

The Plan further contemplates that Reorganized MobileMedia will issue $150 million in Reorganized MobileMedia Notes that will be distributed to holders of Allowed Claims in Class 4 (the Pre-Petition Lenders). Reorganized MobileMedia will be authorized to issue three classes of shares, consisting of Reorganized MobileMedia Common Shares, Reorganized MobileMedia Class A Shares and Reorganized MobileMedia Class B Shares. The Reorganized MobileMedia Class A Shares and Reorganized MobileMedia Common Shares will vote together with respect to all matters that require approval or action of stockholders and will be identical in all respects, and Reorganized MobileMedia Class B Shares will have no voting rights (except as otherwise required by law).

On the Effective Date, Reorganized MobileMedia will issue two classes of Reorganized MobileMedia Capital Shares, consisting of Reorganized MobileMedia Class A Shares and Reorganized MobileMedia Common Shares. If Class 6 (the holders of the Subordinated Notes) votes to accept the Plan, 97% of the Reorganized MobileMedia Capital Shares, consisting of Reorganized MobileMedia Class A Shares, will be distributed to the members of Class 4, and 3% of Reorganized MobileMedia Capital Shares, consisting of Reorganized MobileMedia Common Shares, will be distributed to the members of Classes 5 and 6 (it is anticipated that the number of Reorganized MobileMedia Common Shares distributed to the members of Class 5, the holders of the Dial Page Notes, will be fewer than 1% of Reorganized MobileMedia Common Shares distributed to these two Classes). If Class 6 votes to reject the Plan, other than the small number of Reorganized MobileMedia Common Shares that will be distributed to members of Class 5, all Reorganized MobileMedia Capital Shares, in the form of Reorganized MobileMedia Class A Shares, will be issued to the members of Class 4.

The members of Classes 5 and 6 (whether or not Class 6 votes to accept the Plan) will also receive Reorganized MobileMedia Rights. Each Reorganized MobileMedia Right will entitle the holder thereof to purchase one Reorganized MobileMedia Class B Share during the Rights Exercise Period. If any Reorganized MobileMedia Class B Shares are issued by Reorganized MobileMedia upon exercise of the Reorganized MobileMedia Rights on the Rights Closing Date, then Reorganized MobileMedia will simultaneously redeem a like number of Reorganized MobileMedia Class A Shares for a redemption price per share equal to the Rights Purchase Price (as defined in Schedule 5 to the Plan), with any redemption of less than the entire class of outstanding Reorganized MobileMedia Class A Shares being made on a pro rata basis. Each outstanding Reorganized MobileMedia Class A Share that is not redeemed on or before the Rights Closing Date will convert automatically to one Reorganized MobileMedia Common Share. Each outstanding MobileMedia Class B Share that has been issued in connection with the exercise of a Reorganized MobileMedia Right will automatically change and convert into one Reorganized MobileMedia Common Share upon (i) the delivery of a No Action Opinion with respect to such conversion by Communications Counsel to Reorganized MobileMedia and (ii) the delivery of a Favorable HSR Opinion with respect to such conversion by HSR Counsel to Reorganized MobileMedia. The Reorganized MobileMedia Rights provide members of Classes 5 and 6 with the opportunity under certain circumstances to acquire up to 100% of the Reorganized MobileMedia Capital Shares.

The members of Classes 5 and 6 (whether or not Class 6 votes to accept the Plan) will also receive Reorganized MobileMedia Warrants to purchase Reorganized MobileMedia Common Shares. In the aggregate, Reorganized MobileMedia Warrants will be authorized to be issued such that the aggregate number of Reorganized MobileMedia Common Shares issuable upon the exercise of such warrants will equal the product of (i) 16.5% and (ii) the sum of (a) the aggregate number of Reorganized MobileMedia Capital Shares issued under this Plan on the Effective Date and (b) the aggregate number of Reorganized MobileMedia Common Shares issuable upon the exercise of such warrants (assuming such warrants are exercised in full). Of the Reorganized MobileMedia Warrants, _____% will be issued to the holders of Allowed Claims in Classes 5 and 6 on the Effective Date.

B. Composition of Management and Directors of the Reorganized Debtors

Pursuant to Section 4.2(C)(3) of the Plan, MobileMedia will designate, in a written statement to be filed with the Bankruptcy Court no later than ten (10) Business Days prior to the Voting Deadline, the names and affiliations of, and the compensation proposed to be paid to, the individuals intended to serve as directors and officers of each Reorganized Debtor on and after the Effective Date. The initial Board of Directors of Reorganized MobileMedia, one of whom will be the chief executive officer of MobileMedia, will be comprised of seven persons to be selected by representatives of Class 4. To the extent any such individuals were directors or officers of the Debtors prior to the Effective Date, the filed written statement will also disclose the compensation received by such individuals in 1997. The current directors and officers of each Debtor will continue to serve in such capacities until the Effective Date. As of the Effective Date, the directors and officers of each Debtor that is not a Reorganized Debtor will be terminated, and the directors and officers of each Reorganized Debtor will be those directors and officers set forth in the statement described above. On and after the Effective Date, each Reorganized Debtor will be governed in accordance with such Reorganized Debtor's Articles or Certificate of Incorporation.

The Plan also contemplates the establishment of the Reorganized MobileMedia Stock Option Plan by the Board of Directors of Reorganized MobileMedia, effective as of the Effective Date, pursuant to which Reorganized MobileMedia may issue up to 7% of the Reorganized MobileMedia Capital Shares, on a fully-diluted basis, to the officers and employees of Reorganized MobileMedia or any Reorganized MobileMedia Subsidiary pursuant to options granted from time to time after the Effective Date and which grants are approved by the Board of Directors of Reorganized MobileMedia.

C. Business of the Reorganized Debtors

The Debtors' projected results of operations, balance sheets and statements of cash flow are set forth and discussed in Section VIII, "Feasibility of the Plan". As noted in Section VIII, the assumptions underlying these projections are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Debtors' control. There will generally be a difference between projections of future performance and actual results because certain events and circumstances may not occur as expected. These differences could be material.

1. Business of the Reorganized Debtors.

The Debtors anticipate that, subsequent to the Effective Date, they will conduct business substantially as they did prior to the Effective Date.

2. Projected Revenues.

The Debtors anticipate that, subsequent to the Effective Date, the Reorganized Debtors will continue to provide paging services and products to their customers and otherwise operate their business in substantially the same manner as they currently do. The Debtors anticipate that the Reorganized Debtors' subscriber base will grow from approximately ___ million subscribers at the end of 1997 to approximately ___ million subscribers in 2002, with net revenue growing from approximately $________ to $_________, and EBITDA (i.e., earnings before interest, taxes, depreciation and amortization) growing from approximately $________ to $__________ over the same period.

3. Projected Capital Expenditures.

The bulk of the Debtors' projected capital expenditures is for the purchase of new pagers and for constructing and upgrading their network infrastructure. As noted above, the Debtors intend to invest approximately $38 million over the next two years in constructing the infrastructure for their narrowband PCS licenses. The Debtors may also undertake certain expenditures in connection with upgrading their management information systems, improving their order fulfillment operations and adding an additional customer service center. These projected capital expenditures will either be paid from internally generated funds or will be financed externally as the Reorganized Debtors' financial position and existing indebtedness permit. The Debtors have estimated their projected capital expenditures requirements based on their projected needs, the change in historical costs and anticipated future costs.

4. New Credit Agreement.

It is a condition to the Effective Date that on the Effective Date the Debtors have in place a post-reorganization financing facility that is reasonably acceptable to the Pre-Petition Agent and provides for availability for the Reorganized Debtors in a principal amount of not less than $125,000,000, but in any event in an amount sufficient to pay all amounts outstanding under the DIP Credit Agreement, all Allowed Administrative Claims and all amounts payable to the Pre-Petition Agent and the Pre-Petition Lenders pursuant to the DIP Approval Orders, and provides for availability of $75,000,000 for working capital purposes for the Reorganized Debtors.

The form of New Credit Agreement will be filed with the Bankruptcy Court at least 10 days prior to the Voting Deadline.

D. General Description of Regulatory Matters Relating to the Plan

The discussions of regulatory matters contained in the following and other Sections of this Disclosure Statement describe certain actions that the Debtors have taken or will take to satisfy the regulatory conditions precedent to the effectiveness of the Plan. The Debtors, however, reserve the right to take or seek such alternative and different actions or relief from that described herein as they may from time to time deem appropriate.

1. SEC Matters.

All notes, stock, warrants, rights and other securities distributed pursuant to the Plan will be entitled to the benefits and exemptions provided by section 1145 of the Code to the maximum extent allowed by law and equity. Section 1145 of the Code provides an exemption from registration under the Securities Act and state securities laws of the securities of the Reorganized Debtors, with exceptions for certain categories of holders. See Section VI.H. for a discussion of certain matters related to the ownership and resale of securities issued pursuant to the Plan.

As soon as practicable after the Rights Closing Date, Reorganized MobileMedia will use reasonable commercial efforts to effect authorization for listing on a public exchange or on the NASDAQ of the Reorganized MobileMedia Common Shares to be issued pursuant to the Plan.

2. FCC and State Regulatory Matters.

The Debtors intend to transfer their FCC licenses to the Reorganized Debtors pursuant to the Plan in accordance with the FCC's Second Thursday doctrine. The Debtors intend to file their Applications to Transfer Licenses in accordance with Second Thursday doctrine (collectively, the "Second Thursday Application") as soon as practicable. It is a condition to effectiveness of the Plan that the FCC approves the transfer of the licenses, thereby granting the Debtors' Second Thursday Application, on terms that do not impair the feasibility of the Plan and permit the Plan to be implemented and consummated. It is also a condition to effectiveness of the Plan that any material required state regulatory approvals have been obtained.

E. Information Relevant to the Risks Posed to Creditors Under the Plan

The following is a summary of certain matters that should be considered, together with all other relevant matters, in connection with the Plan. This summary is not intended to be a complete list of important matters that persons voting on the Plan should consider. Holders of Voting Claims against the Debtors should analyze and evaluate the Plan and the other information set forth in this Disclosure Statement and the Exhibits hereto with their respective advisors in determining whether to vote to accept or reject the Plan.

THE DEBTORS HAVE PREPARED THE PROJECTIONS INCLUDED IN THIS DISCLOSURE STATEMENT IN CONNECTION WITH THE PLANNING AND DEVELOPMENT OF THE PLAN. THE PROJECTIONS ASSUME THAT THE PLAN WILL BE SUCCESSFULLY IMPLEMENTED ON THE TERMS DESCRIBED IN THIS DISCLOSURE STATEMENT. THE PROJECTIONS ARE SUBJECT TO BUSINESS, ECONOMIC AND OTHER UNCERTAINTIES INHERENT IN DEVELOPING PROJECTIONS, AS DISCUSSED IN SECTION VIII, "FEASIBILITY OF THE PLAN".

1. History of Operating Losses and Operations in Bankruptcy.

During 1994 and 1995, the Debtors reported net losses of approximately $51 million and $44 million, respectively. The 1994 and 1995 losses exclude the impact of the MobileComm Acquisition, which was completed on January 4, 1996. Currently, the Debtors are unable to prepare 1996 and current financial statements in accordance with Generally Accepted Accounting Principles because Statement of Financial Accounting Standards ("SFAS") 121 ("Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of") has not been applied. Upon the application of SFAS 121, the Debtors expect to be required to write down the carrying value of their long-lived assets to their fair value. The

Debtors believe that the amount of the write-down will be material, but that it is not currently possible to estimate the amount thereof. There may also be adjustments to other accounts as a result of the Debtors having filed the Cases. Excluding the impact of SFAS 121, the 1996 unaudited net loss was approximately $337 million.

2. Difficulty of Predicting Future Performance

The Debtors' historical earnings record and financial statements do not provide a meaningful basis on which to evaluate or predict the Reorganized Debtors' future financial performance. Such historical information does not reflect the recapitalization of the Debtors pursuant to the Plan or the application of "fresh start" accounting, each of which will have a significant effect on the Reorganized Debtors' operating results and financial condition. Moreover, there are no appropriate models among other paging companies for predicting the Reorganized Debtors' future performance. No other major paging company has filed for or emerged from bankruptcy. In addition, as noted above, the Debtors have not prepared their financial statements for the year ended December 31, 1996 in accordance with generally accepted accounting principles because the Debtors have been unable to apply the provisions of SFAS 121.

3. Risk of Delay or Non-Occurrence of the Confirmation Date and the Effective Date.

The Plan can only be confirmed if it complies with various legal requirements set forth in the Code and outlined below. Moreover, the occurrence of the Effective Date is subject to various conditions set forth in the Plan that must be satisfied or, in some instances, waived prior to the occurrence of the Effective Date. See Section V, "Conditions to Effectiveness of the Plan". There may be delay in satisfying the conditions to the occurrence of the Effective Date, and there is no assurance that these conditions will be met (or, as applicable, waived). Reference should be made to the Plan and to Section V for a description of these conditions.

4. Effect of Decline in Units in Service.

As noted in Section II, during 1996 and 1997, the financial results of the Debtors were negatively impacted by, among other things, the increased subscriber churn associated with the attempt to integrate the MobileComm Acquisition and the Dial Page Acquisition with the pre-existing business of the Debtors. Moreover, during the course of the Cases, the Debtors' number of units in service has declined, as the number of new subscribers has not been sufficient to offset the Debtors' churn rate. There can be no assurance that the Reorganized Debtors will be able to reverse this trend following the Effective Date.

5. Competition and Other Factors in the Paging Industry.

The paging industry is highly competitive and is currently experiencing a reduction in the rate of industry unit growth. As noted in Section II, the Debtors currently face competition from one or more competitors in all of the markets in which they operate. Some of the Debtors' competitors have greater financial and other resources than the Debtors. Moreover, the development and marketing (and, in some cases, bundling) of a variety of new technologies will likely result in additional sources of competition for the Debtors. This competition -- and the significant pricing pressures attendant thereto -- could negatively impact the Debtors' financial performance.

6. Absence of Public Market for Securities; Determination of Price.

As of the Effective Date, there may be no market for the securities being issued pursuant to the Plan and, other than Reorganized MobileMedia Common Shares, it is not contemplated that any of such securities will be listed on a national securities exchange or on the NASDAQ. After their initial issuance, and depending on prevailing interest rates, the market for similar securities and other factors, the securities issued pursuant to the Plan could trade at a discount. Accordingly, no assurance can be given that a holder of securities issued pursuant to the Plan will be able to sell such securities in the future.

7. Management.

The Plan contemplates that the Board of Directors of MobileMedia will be reconstituted on the Effective Date. In addition, there may be changes to management on or following the Effective Date. The Debtors cannot predict what effect changes in the Board of Directors or management may have on future operations or financial results.

8. Controlling Shareholders.

It is contemplated that pursuant to the Plan, the Pre-Petition Lenders will own either 97% or in excess of 99% of Reorganized MobileMedia Capital Shares as of the Effective Date. If Class 6 votes to accept the Plan, its members and the members of Class 5 would collectively receive 3% of the Reorganized MobileMedia Capital Shares and could, through the exercise of Reorganized MobileMedia Warrants or the Reorganized MobileMedia Rights, significantly increase their percentage ownership of Reorganized MobileMedia. If there is a significant percentage of the Reorganized MobileMedia Capital Shares held by one or a relatively small group of Persons, such Person or Persons could have the ability, among other things, to (i) amend the Reorganized MobileMedia Certificate of Incorporation, (ii) effect a merger, sale of assets or other major corporate transaction, (iii) defeat any takeover attempt or any merger, sale of assets or other major corporate transaction proposed by the Board of Directors, or (iv) otherwise control the outcome of matters submitted for a vote of the stockholders of Reorganized Debtors', including the election of directors. However, the ability to take certain actions will, during the period after the Effective Date and until the Rights

Closing Date, require the consent of a majority of the holders of the Reorganized MobileMedia Rights.

9. Regulatory Issues.

The Debtors are regulated by the FCC and by state regulatory authorities. It is a condition to the effectiveness of the Plan that any required and material regulatory approvals be obtained. The Debtors cannot predict whether or when this condition will be satisfied. Moreover, as discussed in Section II above, various regulatory changes could have a material impact on the Reorganized Debtors' business operations.

IV. SUMMARY OF THE PLAN OF REORGANIZATION

A. Description and Classification of Claims and Interests

The following Section IV.A. describes the significant Claims and Interests in the Debtors' Cases and the manner in which they are classified in the Plan. First, it discusses in general the Debtors' Schedules (reflecting, among other things, the Debtors' liabilities as reflected in their books and records), the proofs of claim filed in the Cases and the Claim objection process. Next, it outlines the significant categories of Claims against the Debtors with estimates as of __________, 1998 of the Allowed Claims. Finally, it summarizes the classification scheme for Claims and Interests established in the Plan.

1. Description of Claims Generally.

The Debtors filed the Schedules (which have subsequently been amended) on March 26, 1997. By order of the Bankruptcy Court, June 16, 1997 (the "Bar Date") was fixed as the last day by which the holders of certain claims could file their proofs of claim. A holder of a claim listed on the Schedules as liquidated, noncontingent and undisputed, and as to which the holder agreed with the claim amount set forth in the Schedules, was not required to file a proof of claim. More than 2,200 claims were filed against the Debtors. The Debtors have objected to numerous claims and continue the process of reviewing each remaining proof of claim, as well as reconciling the claimants and the claimed amounts with the Debtors' books and records and analyzing the factual and legal bases of these proofs of claim. Following the completion of such analyses and reconciliation, the Debtors will contact claimants regarding variances between the Debtors' books and records and the asserted claim amounts. As a result of the Debtors' preliminary analysis of Claims, the Debtors have filed with the Bankruptcy Court objections to more than 1000 claims. As necessary, the Debtors will continue to file formal objections to claims with the Bankruptcy Court.

2. Estimated Amount of Allowed Claims.

The following chart outlines the estimated amount of the Allowed Claims included in each Class under the Plan, except for Allowed Claims for fees and expenses. The estimated amounts set forth herein constitute projections as of ________, 1998, and are rounded, in most instances, to the nearest one-hundred thousand.[6]

Class	Description	Estimate of Allowed Claim Amount
1	Priority Claims	
2	Miscellaneous Secured Claims	
3	Customer Refund Claims	
4	1995 Credit Agreement Claims	
	Principal	
	Miscellaneous Fees	
	Costs and Expenses	
5	Dial Page Note Claims	
	Principal	
	Pre-petition Interest	
	Post-Petition Interest	
6	Subordinated Note Claims	
	9⅜% Notes	
	Principal	
	Pre-petition Interest	
	10½% Notes	
	Principal	
	Pre-petition Interest	
7	General Unsecured Claims	

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6 The estimates set forth in this chart and otherwise in this Disclosure Statement are for descriptive purposes only, and shall not constitute an admission as to the Debtors' obligations with respect to any such claims or interests.

Class	Description	Estimate of Allowed Claim Amount
8	Note Litigation Claims	
9	Common Stock Claims and Interests	
10	Subsidiary Claims and Interests	____________
	TOTAL	____________$

3. Description of Claims and Interests; Summary of Classification Scheme.

The Plan divides the holders of Claims and Interests, except administrative claims and priority tax claims, into ten separate and distinct Classes pursuant to section 1122(a) of the Code, and sets forth the treatment offered each Class. A Claim or Interest will be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class, and will be deemed classified in a different Class to the extent that any remainder of the Claim or Interest qualifies within the description of such different Class. A Claim is in a particular Class and entitled to a distribution only to the extent that the Claim is an Allowed Claim in that Class.

Under the Plan, a Claim is "Allowed" to the extent that: (a)(1) the Claim was timely filed or the Claim was listed in the Schedules and not listed therein as disputed, contingent or unliquidated as to amount, and (2) the Debtors, the Reorganized Debtors or any other party in interest entitled to do so has not yet filed an objection and does not file an objection prior to the Effective Date of the Plan or such other date as may be established by the Plan or the Bankruptcy Court; or (b) the Claim is allowed by a Final Order of the Bankruptcy Court; or (c) the Claim is allowed by the Plan.

In accordance with section 1123(a)(1) of the Code, two categories of Claims are not classified under the Plan: Administrative Claims and Priority Tax Claims. Administrative Claims are Claims entitled to priority under sections 507(a)(1) and 503(b) of the Code, which Claims (other than claims for taxes, trade debt and customer deposits and credits incurred in the ordinary course of business after the Petition Date) are required to be filed by the party asserting such Claim within forty-five days after the Effective Date of the Plan. The Debtors will review all filed Administrative Claims, and object to such Claims as necessary. Priority Tax Claims include certain federal, state and local taxes. Approximately 600 such Claims have been filed against the Debtors in the Cases. The Debtors are in the process of resolving all filed and unfiled Priority Tax Claims asserted in the Cases.

The following is a summary of the manner in which Claims and Interests are classified in the Plan, together with a description of the estimated amounts of Allowed Claims and Interests included in each such Class as of ___________, 1998.

(a) *Class 1 -- Priority Claims.* Allowed Claims, if any, with priority pursuant to sections 507(a)(3), 507(a)(4) or 507(a)(6) of the Code are classified in Class 1. Most liquidated Class 1 Claims have already been paid pursuant to orders of the Bankruptcy Court. Excluding priority customer deposits held by the Debtors in the ordinary course of business (and payable to subscribers in the ordinary course of business pursuant to an order of the Bankruptcy Court entered on the Petition Date), the aggregate estimated amount of these Allowed Class 1 Claims is $ _______ _____________.

(b) *Class 2 -- Miscellaneous Secured Claims.*

- *Description of Miscellaneous Secured Claims.* Miscellaneous Secured Claims are Secured Claims not classified in Class 4, if any, and might include, for example, claims for the delivery of goods or services to the Debtors to the extent of any cash deposit made by the Debtors before, and remaining unapplied on, the Petition Date.

- *Classification Scheme.* Allowed Secured Claims that are not otherwise classified pursuant to the Plan are classified in Class 2. The aggregate estimated amount of these Allowed Class 2 Secured Claims is $ _______.

(c) *Class 3 -- Customer Refund Claims.*

- *Description of Customer Refund Claims.* Class 3 consists of claims held by customers in connection with refunds owed or deposits held by the Debtors. Most Class 3 Claims have already been paid pursuant to an order of the Bankruptcy Court.

- *Classification Scheme.* Customer refund claims are classified in Class 3.

The aggregate estimated amount of Allowed Class 3 Claims is $__.

(d) *Class 4 -- Claims under or related to the 1995 Credit Agreement.*

- *Description of Claims under or related to the 1995 Credit Agreement.* As discussed in Section II.A.1., in connection with the MobileComm Acquisition, Communications entered into the 1995 Credit

Agreement with the Pre-Petition Lenders. The 1995 Credit Agreement provides for term loans in an aggregate principal amount of $550 million and a $200 million revolving loan facility.

Communications' obligations to the Pre-Petition Lenders under the 1995 Credit Agreement are secured by Liens on substantially all the assets of Communications. As further security for Communications' obligations to the Pre-Petition Lenders under the 1995 Credit Agreement, MobileMedia entered into a Guaranty and Pledge Agreement, and each of the Debtors other than Communications and MobileMedia entered into a Guaranty and Security Agreement, pursuant to which agreements each of the Debtors other than Communications guaranteed Communications' obligations to the Lenders under the 1995 Credit Agreement and granted to the Pre-Petition Agent a lien on and security interest in all of its assets (including any stock owned by it) to secure such guaranty.

As of the Petition Date, $550 million in principal amount was outstanding in respect of the term loans and $99 million in principal amount was outstanding under the revolving credit facility, in each case exclusive of accrued and unpaid interest. As of the Petition Date, approximately $21 million in accrued and unpaid interest was owed to the Pre-Petition Lenders. The full amount of pre-petition interest owing to the Pre-Petition Lenders was paid to the Pre-Petition Lenders as adequate protection in accordance with the order approving the DIP Facility.

- *Classification Scheme.* Allowed Secured Claims arising under or related to the 1995 Credit Agreement are classified in Class 4.

The aggregate estimated amount of these Allowed Class 4 Secured Claims is $__________, consisting of

(i) the principal amount owed in the amount of $649 million,

(ii) all accrued and unpaid fees arising under the 1995 Credit Agreement, and

(iii) reasonable fees and expenses of the Pre-Petition Agent and the Pre-Petition Lenders incurred before and after the Petition Date and prior to the Effective Date as provided for in the 1995 Credit Agreement, which amount has not been estimated by the Debtors.

All interest and certain fees payable pursuant to, and the costs and expenses of the Pre-Petition Agent arising under, the 1995 Credit

Agreement will continue to be paid in cash through the Effective Date as provided under the DIP Approval Orders.

Based on the contractual subordination provisions in the indentures governing the 9⅜% Notes and the 10½% Notes, claims under the 1995 Credit Agreement are senior in right of payment to the 9⅜% Notes and the 10½% Notes, and are entitled to any distributions received by holders of the 9⅜% Notes or holders of the 10½% Notes until the Pre-Petition Lenders are paid in full.

(e) *Class 5 -- Claims with respect to the Dial Page Notes.*

- *Description of Claims with respect to the Dial Page Notes.* Communications is party to an Indenture dated as of February 1, 1993 (as supplemented and amended, the "Dial Page Indenture") with Norwest Bank Minnesota, N.A., as successor Trustee, pursuant to which Dial Page, Inc. ("Dial Page") originally issued $85,000,000 of 12¼% Senior Notes due February 15, 2000 (the "Dial Page Notes"). As a result of the Dial Page Acquisition, Communications assumed the obligations of Dial Page under the Dial Page Indenture. Concurrently with that acquisition, Communications repurchased the majority of the Dial Page Notes from the holders thereof. The Dial Page Notes are unsecured and interest is payable semi-annually thereon each February 15 and August 15 of each year until maturity.

- *Classification Scheme.* Allowed Claims arising under or related to the Dial Page Notes and related agreements (other than Note Litigation Claims) are classified in Class 5.

The aggregate estimated amount of these Allowed Class 5 Claims is $________, including $1,570,000 principal amount, approximately $88,149 in accrued and unpaid pre-petition interest, and approximately $______ in accrued and unpaid post-petition interest.

Allowed Claims for certain fees and expenses of the indenture trustee for the Dial Page Notes incurred prior to the Petition Date as provided for under the Dial Page Indenture are included in Class 5 but are not included in the above aggregate amounts, as they have not been estimated by the Debtors.

Based on the contractual subordination provisions in the indentures governing the 9⅜% Notes and the 10½% Notes, the Dial Page Notes are senior in right of payment to the 9⅜% Notes and the 10½% Notes, and are entitled to any distributions received by holders of the 9⅜% Notes or holders of the 10½% Notes until the holders of the Dial Page Notes are paid in full.

(f) *Class 6 -- Claims with respect to the Subordinated Notes.*

- *Description of Claims with respect to the Subordinated Notes.* Communications is party to an Indenture dated as of November 13, 1995 with State Street Bank and Trust Company, as Trustee, pursuant to which Communications issued $250,000,000 of 9⅜% Senior Subordinated Notes due November 1, 2007 (the "9⅜% Notes"). The 9⅜% Notes are unsecured. Interest on the 9⅜% Notes is payable semi-annually, on May 1 and November 1 of each year.

Communications is also party to an Indenture dated as of December 1, 1993 (as supplemented and amended, the "10½% Indenture") with First Trust USA (as successor to BankAmerica National Trust Company), as Trustee, pursuant to which Communications issued $210,000,000 face amount of 10½% Senior Subordinated Deferred Coupon Notes due December 1, 2003 (the "10½% Notes" and, together with the 9⅜% Notes, the "Subordinated Notes"). The 10½% Notes are unsecured and were issued at a price of $599.48 for each $1,000.00 principal amount, with interest on the 10½% Notes being capitalized and the principal amount accreting until December 1, 1998. Thereafter, interest on the 10½% Notes is payable semi-annually, on June 1 and December 1 of each year, beginning June 1, 1999.

- *Classification Scheme.* Allowed Claims arising under or related to the Subordinated Notes and related agreements (other than Note Litigation Claims) are classified in Class 6.

The aggregate estimated amount of these Allowed Class 6 Claims is $__________, consisting of:

(i) 9⅜% Notes, in the estimated aggregate amount of $267.8 million, including $250 million principal amount and approximately $17.8 million in accrued and unpaid pre-petition interest; and

(ii) 10½% Notes, with an aggregate accreted value of approximately $174 million.

Allowed Claims for certain fees and expenses of the indenture trustees for the Subordinated Notes incurred prior to the Petition Date as provided under the Subordinated Note Indentures are included in Class 6 but are not included in the above aggregate amounts, as they have not been estimated by the Debtors.

(g) *Class 7 -- Miscellaneous Unsecured Claims Not Classified Elsewhere.*

- *Description of Non-Priority Unsecured Claims.* The Debtors' unsecured claims fall into three basic categories:

(i) General Unsecured Claims: The Debtors listed various trade and other unsecured claims in the Schedules. A number of these creditors have filed claims in excess of their scheduled amounts, and certain creditors that were not listed in the Schedules have filed Claims against the Debtors. Many of such Claims have already been resolved through the claims objection process, and the Debtors will continue to review these filed Claims, attempt to reconcile them with their books and records and file additional objections as necessary. A Claim listed in the Debtors' Schedules, and not listed as disputed, contingent or unliquidated as to amount and as to which the creditor agrees with the amount, will be Allowed in the amount set forth on the Schedules.

(ii) Litigation Claims: Several parties have asserted Claims against the Debtors based on disputes that were the subject of lawsuits or other actions commenced prior to the Petition Date, or that would have been commenced but for the filing of the Cases and the imposition of the automatic stay of section 362 of the Code.

(iii) Personal Injury Claims: In addition to the litigation claims described above, certain parties have asserted Claims against the Debtors for personal injuries. In accordance with 28 U.S.C. § 157(b)(5), these Claims will be tried, if necessary, in the District Court for the District of Delaware or the District Court for the District in which the Claim arose (as determined by the District Court for the District of Delaware), and once reduced to judgment will be treated as Allowed Claims in Class 7.

- *Classification Scheme.* Unsecured Claims, other than Customer Refund Claims classified in Class 3, Claims arising under or related to the Dial Page Notes classified in Class 5, Claims arising under or relating to the Subordinated Notes classified in Class 6, Note Litigation

Claims classified in Class 8, Common Stock Claims classified in Class 9 and Subsidiary Claims classified in Class 10, are classified in Class 7.

The aggregate estimated amount of the Allowed Claims in Class 7, excluding unliquidated or contingent claims that have not been estimated, is $__________.

(h) *Class 8 -- Note Litigation Claims.*

- *Description of Note Litigation Claims.* Note Litigation Claims consist of all claims of the kind described in section 510(b) of the Code arising out of the ownership of the Notes, including claims asserted in or by parties to the Securities Actions and related claims of officers, directors and underwriters for indemnification. See Section II.A.8.(b).

- *Classification Scheme.* By operation of section 510(b) of the Code, Note Litigation Claims are subordinated to Claims under the Notes and are classified in Class 8. The Debtors have not estimated the amount of the Note Litigation Claims.

(i) *Class 9 -- Common Stock Claims and Interests.*

- *Description of Common Stock Claims and Interests.* There were approximately [45.6] million shares of MobileMedia Class A Common Stock and approximately [2.36] million shares of MobileMedia Class B Common Stock issued and outstanding as of ____________ (the "Record Date"). Holders of such Common Stock as of the Record Date have Interests as equity holders in MobileMedia. In addition, certain of such holders have asserted claims against MobileMedia arising out of their equity ownership, including claims asserted by the plaintiffs to the New Jersey Actions and related claims of officers, directors, and underwriters for indemnification. By operation of section 510(b) of the Code, the Claims arising out of the ownership of Common Stock are subordinated to Unsecured Claims and are pari passu with the equity interests of the holders of the Common Stock.

- *Classification Scheme.* (i) Interests of holders of the Common Stock of MobileMedia, (ii) options, warrants and other rights to purchase the Common Stock of MobileMedia, and (iii) Claims arising out of ownership of the Common Stock of MobileMedia are classified in Class 9.

(j) *Class 10 -- Subsidiary Claims and Interests.*

- *Description of Subsidiary Claims and Interests.* Subsidiary Claims consist of Claims by a Debtor against another Debtor; Subsidiary Interests consist of the Interests of a Debtor in another Debtor based on the ownership of the stock of such Debtor.

- *Classification Scheme.* Subsidiary Claims and Interests are classified in Class 10

B. Treatment of Claims and Interests

1. Treatment of Claims and Interests Generally.

Article II of the Plan designates Classes of Claims and Interests and provides for the treatment of and consideration to be provided to holders of Allowed Claims and Interests under the Plan. The treatment of, and consideration to be provided to, holders of Allowed Claims and Interests pursuant to the Plan will be in full settlement, release and discharge of such Allowed Claims and Interests; provided, that such discharge of a debt of the Debtors will not affect the liability of any other entity on, or the property of any other entity encumbered to secure payment of, such debt, except as otherwise provided in the Plan. The consideration to be provided to a Class of Allowed Claims will be distributed pro rata to or for the benefit of holders of Allowed Claims in a Class, except as otherwise provided in the Plan.

2. Treatment of Administrative Claims and Priority Tax Claims.

(a) *Administrative Claims.* In accordance with section 1123(a)(1) of the Code, Section 2.1 of the Plan provides that, subject to the provisions of Section 4.4(A) of the Plan and unless otherwise agreed by the holder of an Allowed Administrative Claim (in which event such other agreement will govern), each holder of an administrative expense or cost entitled to priority under sections 507(a)(1) and 503(b) of the Code will, at the option of the Reorganized Debtors, receive (i) cash equal to the unpaid amount of such administrative expense or cost on the Effective Date, or (ii) payment in accordance with the ordinary business terms of such expense or cost.

(b) *Priority Tax Claims.* Section 2.2 of the Plan provides that priority tax claims of the kind specified in sections 507(a)(1) and 507(a)(8) of the Code are not classified in accordance with section 1123(a)(1) of the Code. Unless otherwise agreed to by the holder of such Claim (in which event such other agreement will govern), or unless paid in full prior to the Effective Date pursuant to orders of the Bankruptcy Court, each holder of an Allowed Priority Tax Claim will, on the Effective Date, receive, at the Debtors' option (with the consent of the Pre-Petition Agent, which consent will not be unreasonably withheld), either (i) cash equal to the amount of such Allowed Priority Tax Claim on the Effective Date or (ii) a promissory note in the principal amount of its Allowed Priority Tax Claim on which interest will accrue from and after the Effective Date at the rate of 5% or such higher or lower rate as is determined by the Bankruptcy Court to be appropriate under section 1129(a)(9)(C) of the Code and will be paid semiannually in arrears; the principal amount of the promissory note will be paid in full on a date or dates six (6) years after the date of assessment of such Allowed Claim.

3. Treatment of Classes Not Impaired Under Plan.

By virtue of the provisions of Article II of the Plan, the Allowed Claims in Classes 1, 2 and 3 are unimpaired under the Plan.

(a) Allowed Claims in Class 1 will be paid in full in cash on the later of the Effective Date or the date upon which such claim becomes an Allowed Priority Claim.

(b) The legal, equitable and contractual rights to which an Allowed Claim in Class 2 or 3 entitles the holder thereof will be left unaltered by the Plan or, at the option of the Debtors, will be left unimpaired in the manner described in section 1124(2) of the Code

4. Treatment of Classes Impaired Under Plan.

By virtue of the provisions of Article II of the Plan, the Allowed Claims and Interests in Classes 4, 5, 6, 7, 8, 9 and 10 are impaired under the Plan. The Debtors believe that the treatment afforded all Classes of Claims and Interests under the Plan fully comports with the requirements of the Code and case law.

(a) *Treatment of Class 4.* If Class 6 votes to accept the Plan, Allowed Claims in Class 4 will receive (i) the Reorganized MobileMedia Notes and (ii) the Reorganized MobileMedia Class A Stock Lender Distribution which, under such circumstances, will contain __ Reorganized MobileMedia Class A Shares, or 97% of the Reorganized MobileMedia Capital Shares to be issued on the Effective Date. Such Reorganized MobileMedia Class A Shares will be subject to redemption to the extent, on a one-for-one basis, that Reorganized MobileMedia Class B Shares are issued upon exercise of the Reorganized MobileMedia Rights on the Rights Closing Date. If 100% of the Reorganized MobileMedia Class A Shares were redeemed, the aggregate price would be _______. If Class 6 votes to reject the Plan, Allowed Claims in Class 4 will receive (x) the Reorganized MobileMedia Notes and (y) the Reorganized MobileMedia Class A Stock Lender Distribution which, under such circumstances, will contain __ Reorganized MobileMedia Class A Shares or that percentage, which, when added to the Reorganized MobileMedia Common Shares included in the Dial Page Distribution (currently anticipated to be fewer than 1% of the Reorganized MobileMedia Capital Shares issued on the Effective Date), constitutes 100% of the Reorganized MobileMedia Capital Shares to be issued on the Effective Date.

If each of Class 4 and Class 6 votes to accept the Plan, all holders of Allowed Class 4 Claims will be deemed to have waived their rights to assert against any Person any contractual subordination rights otherwise enforceable in accordance with section 510(a) of the Code. Under these circumstances, this waiver will be part of the settlement and compromise provided for in Section 4.5 of the Plan.

(b) *Treatment of Class 5.* Allowed Claims in Class 5 will receive a combination of Reorganized MobileMedia Common Shares, Reorganized MobileMedia Warrants and Reorganized MobileMedia Rights (in the same proportion as such consideration would be delivered to the holders of Allowed Class 6 Claims if they voted to accept the Plan) equal to the full amount of their Claims, including Claims for post-petition interest.

If each of Class 5 and Class 6 votes to accept the Plan, all holders of Allowed Class 5 Claims will be deemed to have waived their rights to assert against any Person any contractual subordination rights otherwise enforceable in accordance with section 510(a) of the Code. Under these circumstances, this waiver will be part of the settlement and compromise provided for in Section 4.5 of the Plan.

(c) *Treatment of Class 6.* If Class 6 votes to accept the Plan, Allowed Claims in Class 6 will receive (i) the Accepting Noteholder Distribution which, under such circumstances, will contain ___ Reorganized MobileMedia Common Shares, or 3% of the aggregate number of Reorganized MobileMedia Capital Shares to be issued on the Effective Date minus the number of Reorganized MobileMedia Common Shares included in the Dial Page Distribution, (ii) Reorganized MobileMedia Warrants to purchase _____ Reorganized MobileMedia Common Shares minus the Reorganized MobileMedia Warrants included in the Dial Page Distribution and minus Reorganized MobileMedia Warrants with a value equal to $4,000,000 and (iii) the Reorganized MobileMedia Rights minus the Reorganized MobileMedia Rights included in the Dial Page Distribution.

If Class 6 votes to reject the Plan, the holders of Allowed Claims in Class 6 will receive (i) Reorganized MobileMedia Warrants to purchase _____ Reorganized MobileMedia Common Shares minus the Reorganized MobileMedia Warrants included in the Dial Page Distribution and minus Reorganized MobileMedia Warrants with a value equal to $4,000,000) and (ii) Reorganized MobileMedia Rights minus the Reorganized MobileMedia Rights included in the Dial Page Distribution, but will not receive any Reorganized MobileMedia Common Shares.